School Business Alert

October 9, 2009

ATB CUT

This email was sent from Director Judy Jeffrey to districts and AEAs last Thursday regarding the 10 percent across-the-board (ATB) cut:

On October 8, Governor Chet Culver announced a 10 percent across-the-board cut to state general fund appropriations effective immediately. This means that approximately $600 million must be cut from the state budget between now and June 30. This announcement comes one day after the Revenue Estimating Conference reported a projected 8.4% decline in state revenue.

What this means to Iowa school districts is still unfolding. Please know, however, that:
- School districts *do not* lose spending authority in areas funded by the school finance formula.
- The 10 percent cut will be distributed evenly over the remaining state aid payments.

The Governor has called for school districts to use their cash reserves before raising taxes. While each district will need to review its current situation, cash reserves exist for unexpected financial situations and this certainly falls into this category.

We, at the Iowa Department of Education, want to know as soon as possible how this cut will impact your financial outlook and the specific problems you will be facing as a result of this cut. This information is important to us as we review potential relief options for Iowa school districts.

Please email education@iowa.gov with your comments. We request that you provide your information via email as opposed to phone calls so that we may categorize concerns and direct any questions to the correct individual. We will also provide an FAQ on our website to give you needed information quickly.

Also, please know that we will continue to provide you updates as needed through both email and on the Iowa Department of Education homepage.

In the face of these financial challenges, the Iowa Department of Education, along with your education associations, joins you in your unwavering dedication to serving Iowa students.

NOTE FROM THE SCHOOL FINANCE TEAM: *Please be sure to get successful records into the CAR—2009 Upload and Reports data application by tomorrow (October 15) because that is what we are using to project district and AEA needs in light of the ATB cuts.*

CERTIFIED SUPPLEMENTARY WEIGHTING & Mentoring and Induction Due Tomorrow

On the secure EdInfo data collection website is the Certified Supplementary Weighting application to enter information for classes/teacher sharing, operational function sharing, and mentoring and induction information and to view nonpublic enrollments and textbook requests. These items used to be on the Certified Enrollment, lines 12, 12A, 14 and 15, and on the Mentoring and Induction data collection; now lines 1, 2, 3, 4 and 5 on the Certified Supplementary Weighting. Both school districts and AEAs will complete this data collection.

Note: The FTE for the operational function sharing will not appear until the district has had a clean upload in Project EASIER and has been approved for submission to Certified Enrollment. The operational function sharing calculation will pull from the PEACE (project EASIER and certified enrollment) form the number that used to be on line 7 from the Certified Enrollment in previous year. That number is used to calculate the FTE for operational function sharing. Department staff will be doing an update every day to import PEACE data that has been approved.

Instructions for the Certified Supplementary Weighting form can be found at:
http://www.iowa.gov/educate/index.php?option=com_content&task=view&id=1349&Itemid=2412

If you have a concurrent enrollment course that you do not find in the dropdown menu for concurrent enrollment course on form 1, email Su McCurdy with the name of the community college, the course title, and the course code. You will receive a reply to your email when the course has been added.

Email Joyce Thomsen at joyce.thomsen@iowa.gov for questions concerning line 2 (operational function sharing) and whole grade sharing. Email Su McCurdy at su.mccurdy@iowa.gov for any other questions on the Certified Supplementary Weighting application.

PEACE (Project Easier and Certified Enrollment) Due Tomorrow

The deadline for submission of Project EASIER (Electronic Access System for Iowa Education Records) and Certified Enrollment is October 15. The application opened October 1. The EASIER application will now pre-populate districts' Certified Enrollment counts. Districts will not be able to access the Certified Enrollment without first

submitting and cleaning its EASIER data. If you have questions or need assistance, please contact any consultant at 515-242-5976.

The deadline for certified enrollment *verification* is October 30.

SBRC REQUESTS RELATED TO LOSS OF PHASE I FUNDING

At its September meeting, the SBRC stated it planned to consider the requests related to loss of Phase I budget authority at its March meeting. That means that districts have until February 8 to request a hearing using the on-line form. If you have already sent a request for hearing and had a different date, you do not need to resend the request with the March date. Please do not send exhibits at this time. Districts and AEAs will receive guidance on exhibits prior to the date that the exhibits are due.

CERTIFIED ANNUAL REPORT (CAR)--COA

Certification
A district/AEA may certify its CAR whenever it is satisfied with the Certified Annual Report (CAR) data. We can uncertify the CAR report for changes due to the SES that affect the CAR until the deadline of Oct. 15th, if a district requests.

Late Filing and SBRC
At its March 2009 meeting, the SBRC directed the Department to notify districts and AEAs that have not completed and certified their 2008-2009 Certified Annual Report timely and did not have valid extensions, that they are required to appear before the SBRC at the December 2009 meeting to outline, at a minimum, the procedures that they will implement to prevent late filing of future reports. Districts and AEAs who are non-filers or late filers beyond the due date of October 15, 2009, or beyond the approved extension period, will be notified on or before November 14, 2009, of the requirement to appear and present a plan.

FY09 CAR Budget Crosswalk
With the various changes that have taken place in recent months with State Aid and ARRA Stabilization, we made a few changes to the Budget Crosswalk report on Oct. 6. Our mission is to have this match the Budget document exactly and to be as user-friendly as possible. Therefore, if you printed off this report before Oct. 6, you may want to print off a new copy.

Four year old Preschool program
The first year of this program is funded through a state grant and should be coded to Project /Source 3317. The second and subsequent years should be coded to Project/Source 3117, which is paid with State Aid each month. Any carryover funds

from the first year (Project 3317) retain their original coding and should be expended first before expenditures from Project/Source 3117.

<u>Local Revenue Sources</u>
FY09 CAR edits requiring the tracking of expenditures for LEP, HSAP, Weighted At Risk, TAG, and Dropout Prevention have generated a lot of questions. Revenues for these items do not need to be coded as they are a mixture of State Aid, Property Tax, SBRC Authority or required local match. Expenditures and reserved fund balances must be tracked by using the appropriate project code.   Below is information as to what each revenue number represents. More information on the appropriate uses of these categorical funding sources can be found in the 281 Iowa Administrative Code Chapter 98.

•   *LEP* – Limited English Proficient, Project 1112 (Program 410)
This is a combination of 2 numbers: weighted enrollment and SBRC authority. The weighted enrollment can be found on the Aid and Levy Worksheet, Line 3.11. The SBRC authority is granted through an application process and can be found on the SBRC Summary of Action on the Department's website.

•   *HSAP* – Home Schooled Assistance Program, Project 1113
The revenue from this is derived from the Certified Enrollment/Project Easier count. State Aid is based on the Budget Enrollment, therefore HSAP revenue is the number of students reported on the previous year's enrollment x .3 weighting x District Cost Per Pupil. Expenditures should include, but are not limited to, either a teacher's salary/benefits (as this program includes a teacher that assists the Home Schooled) or tuition paid out to another district for the home-schooled.

•   *Weighted At Risk,* Project 1116 (Program 420)
Weighted At Risk can be found on the Aid and Levy Worksheet, Line 3.12. The funding formula is based on resident students and free and reduced students.   Weighted At Risk funding is posted on the Department's website at: http://www.iowa.gov/educate/index.php?option=com_content&task=view&id=418&Itemid=1389 .

•   *Gifted and Talented (TAG),* Project 1118 (Program 470 beginning in FY10)
Gifted and Talented Funding is included in the District Cost Per Pupil (75% of funding) and the required local match is taken from the Regular Program District Cost (25% of funding).   Both the 75% portion and the 25% required local match are posted on the Department's website at: http://www.iowa.gov/educate/index.php?option=com_content&task=view&id=421&Itemid=2167.

•   *Dropout Prevention*, Project 1119 (Program 420)
The budget of an approved program for returning dropouts and dropout prevention for a school district, after subtracting funds received from other sources for that purpose, shall be funded annually on a basis of one-fourth or more from the district cost and up to

three-fourths by an increase in allowable growth, as defined in Iowa Code section 257.41. The SBRC authority is granted through an application process, and the modified allowable growth portion (the 75% portion) can be found on the SBRC Summary of Action on the Department's website.

Reserved Fund Balances for Local and State Projects
At year end, any remaining funds for local projects (111x) or state projects (3xxx) must be set aside in a reserved fund balance to be carried over for use in the next year. To reserve a fund balance:
DR Account 739 Unreserved Fund Balance, Project 0000, Program 000
CR Account 719 Reserved Fund Balance, Project xxxx, Program xxx.

Once a reserved fund balance is recorded in the accounting records, to increase a reserved fund balance do the same journal entry for the amount of the increase. To decrease (or expend) the reserved fund balance, reverse the entry for the amount of the decrease.

Deferred Revenues for Federal Projects
•   At year end, any remaining funds for federal projects (4xxx) must be deferred until the time the funds will be used. To defer revenue:
DR the revenue in which the funds were deposited
CR Account 481 Deferred Revenue, Project xxxx, Program xxx.

To expend these funds, reverse the journal entry for the amount expended.
•   If revenues have not been received and are generally not available in the 60 day accrual period, a journal entry must be created for accounts receivable and deferred revenue.
DR Account 141 Intergovernmental Accounts Receivable, Project xxxx, Program xxx
CR Account 481 Deferred Revenue, Project xxxx, Program xxx

Federal Project Reconciliation
The Federal project reconciliation edit is not working as intended when a district reported both a FY08 and FY09 Federal receivable with deferred revenue. In this instance, the receivables, revenues and expenditures should reconcile, but in some instances the district is getting an error message similar to the following:

> For project 4XXX revenues of $21000.00 minus deferred revenue (prior year receivables not received) (Account 481) of $21000.00 minus expenditures $26000.00 plus DE Adjustments of $0 plus current year deferred revenue (receivables not received) (Account 481) of $26000.00 does not equal 0.

Contact Denise.Ragias@iowa.gov or Janice.Evans@iowa.gov to request a DE adjustment if you receive this error message and shouldn't. We will also try to monitor the districts that had FY08 receivables and deferred revenue that may be affected by this edit. We apologize for any inconvenience this may cause and have included a note to correct this for FY10.

- (bullet designates posted / updated document)

➡️ **School Business & Finance**
- ❖ **Accounting & Reporting**
  - ➢ CAR
  - ➢ Indirect Cost Rates
  - ➢ Uniform Financial Accounting

- ❖ **Certified Enrollment**
  - ➢ AEAs
  - ➢ Nonpublic Schools
  - ➢ School Districts
  - ➢ Supplementary Weighting

- ❖ **Finance Roundtable**

- ❖ **Financial Management**
  - ➢ Allocation Summaries
  - ➢ Audits
  - ➢ Budgets, Area Education Agencies
  - ➢ Budgets, School Districts
  - ➢ Public Fund Deposits & Rates
  - ➢ SBRC
  - ➢ School District Financial Report Cards
  - ➢ School Finance Tools
    - 2009-2010 Financial Indicators
    - Unspent Balance Projection Calculation
  - ➢ State Payment Schedule
    - 2009-2010 Across the Board Reductions for LEA's
    - 2009-2010 Across the Board Reductions for AEA's
    - October 2009 AEA State Aid Summary
    - October 2009 LEA State Aid Summary
    - October 2009 ISL State Aid Summary
- ❖ **Levies & Funds**
  - ➢ Capital Project Funds
  - ➢ Debt Service Levy
  - ➢ General Fund
  - ➢ Management Levy
  - ➢ Public Disclosure of Outstanding Levies
  - ➢ PPEL
  - ➢ Public Education and Recreation Levy
  - ➢ Student Activity Fund

- ❖ **Procedures**
  - ➢ Foster Care Claim
  - ➢ Nonpublic Textbook Services
  - ➢ Reorganization, Dissolution & Sharing
  - ➢ School Board Officers
    - School Board Officers Data Collection Instructions
  - ➢ School Business Alert
  - ➢ School Finance Associations and Boards
  - ➢ Tuition & Fees